MAKING THE IMAGE INTELLIGENT

DMP
DIGITAL MEDIA PROFESSIONALS

Fiscal Year Ended March 31, 2024

Results Briefing

Digital Media Professionals Inc.

May 14, 2024

1 Financial Results, Fiscal Year Ended March 31, 2024

2 Business Forecast, Fiscal Year Ending March 31, 2025

3 Priority Measures

Company Profile

Leveraging our experience and knowledge as one of the world's leading graphics IP vendors, we have recently been contributing to solving customer and social issues by providing end-to-end AI services **from algorithm/software to hardware** and **from the edge to the cloud**.

Company name	Digital Media Professionals Inc. (DMP)
Foundation	July 2002 (Listed on TSE Mothers in June 2011, shifted to TSE Growth in April 2022)
Location	Nakano-ku, Tokyo, Japan
Representative	Chairman, President and CEO Tatsuo Yamamoto
Capital	1,838 million yen
Number of consolidated employees	65 (as of April 1, 2024)
Number of patents	35 cases
Consolidated subsidiary	Digital Media Professionals Vietnam Company Limited

IP core license business
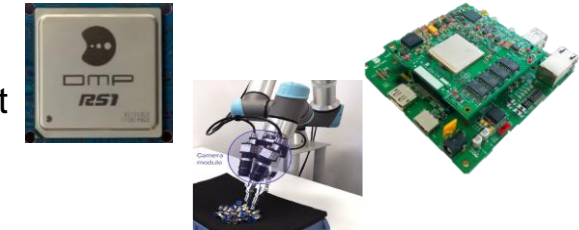
・AI/GPU IP core license
・AI software license

Product business

・Image processing LSI for amusement market
・Vision system for collaborative robot
・Camera module for drone

Professional service business

・AI algorithm/computer vision software contracted development
・FPGA/Board contracted development
・Customer product/service support related to safe driving assistance system and robotics
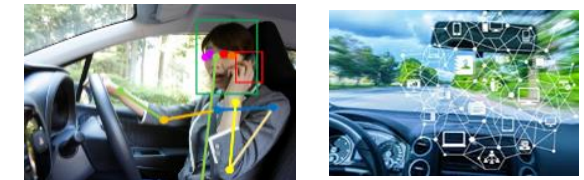
- Net sales reached a record high and operating income, ordinary income, and net income attributable to owners of the parent reached new records since listing.

- Significant growth in amusement field sales, mainly due to the booming pachislot market.

Net Sales

¥3,016M

+30%

Ordinary Income

¥330M

up**11.5**times

Amusement Field

¥2,642M

+45%

Net sales and incomes grew significantly mainly due to growth in the amusement field and product business

(Unit: million yen)	FY ended March 31, 2023	FY ended March 31, 2024	Amount change
Net sales	2,322	**3,016**	**+693**
Operating income	27	**328**	**+301**
Ordinary income	28	**330**	**+301**
Net income attributable to owners of the parent	22	**331**	**+308**

- Net sales increased 29.9% due to significant growth in product business such as Cambrian vision system in addition to "RS1" image processing semiconductors for the amusement market

- Operating income, ordinary income, and net income attributable to owners of the parent increased significantly

- After carefully examining the recoverability of deferred tax assets, we decided to record deferred tax assets for the portion that is recoverable and recorded 41 million yen as income taxes-deferred

Results Highlights: Net Sales by Business and Field

● Sales by business

| IP core license business | ¥170 million | Same period last year | ¥261 million |

- Recorded AI/GPU running royalties for digital equipment, recurring revenues in safety/robotics fields, maintenance/support revenues, etc.

| Product business | ¥2,758 million | Same period last year | ¥1,956 million |

- Recorded sales from volume shipments of RS1, Cambrian Vision Systems, and camera modules for drone mass production

| Professional service business | ¥87 million | Same period last year | ¥104 million |

- Recorded revenues from AI/GPU contracted development services
- Includes PoC* projects for broader safety in addition to dashcams in the safety field, and drones and semiconductor manufacturing equipment in the robotics field

● Sales by field

| Safety field | ¥71 million | Same period last year | ¥170 million |

- Recorded recurring revenues (running royalties and subscription fees), maintenance/support revenues related to dashcams, and professional service revenue

| Robotics field | ¥168 million | Same period last year | ¥185 million |

- Recorded sales of products such as Cambrian Vision Systems and camera modules for drone mass production, and professional services

| Amusement field | ¥2,642 million | Same period last year | ¥1,821 million |

- Recorded sales of RS1 for mass production

| Other | ¥134 million | Same period last year | ¥144 million |

- Recorded AI/GPU running royalties and maintenance/support revenues for digital equipment

* PoC: Abbreviation for Proof of Concept. Verification and trial about feasibility before introducing a new concept, theory or principle in full scale

Results Highlights: B/S

Equity ratio remains high at 88.2%

(Unit: million yen)	End of March 2023	End of March 2024	Amount change	Major factors of increase/decrease
Current assets	3,683	3,272	-411	Accounts receivable - trade and contract assets -587, Cash and deposits +167
Non-current assets	158	647	+488	Investment securities +475
Total assets	**3,842**	**3,919**	**+77**	
Current liabilities	700	443	-256	Accounts payable - trade -356
Non-current liabilities	17	18	+0	
Total liabilities	717	461	-256	
Total net assets	**3,124**	**3,457**	**+333**	Retained earnings +331
Total liabilities and net assets	**3,842**	**3,919**	**+77**	

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Consolidated Business Forecast

6% increase in net sales and growth in operating/ordinary incomes for the fiscal year ending March 31, 2025

Under the Purpose "Making the Image Intelligent," create and offer products/services contributing to "realization of a safe and secure society" and "solution of social issues," while aiming for stable growth in image processing semiconductors

(Unit: million yen)	FY 03/2024 (Actual)	FY 03/2025	
		Forecast	% Change
Net sales	3,016	**3,200**	+6.1%
Operating income	328	**350**	+6.5%
Ordinary income	330	**350**	+5.9%
Net income attributable to owners of the parent	331	**290**	-12.5%

- Amusement: Stable growth for RS1 image processing semiconductors
- Safety/Robotics
  - Combine technologies and products including edge/cloud-enabled AI image recognition technology, SLAM/autonomous driving technology, and Cambrian vision system
  - Create and offer new businesses that solve social issues by integrating proprietary technologies, business expertise, customer bases, and ecosystems cultivated in these fields
- Other (IP): Acquire new IP business in addition to stable business bases such as GPU IP running royalties

Making the Image Intelligent

"To create innovative products and services that harness the power of image intelligence to solve real-world problems and drive value for our stakeholders."

Strong sales and high utilization rates of RS1-equipped smart pachislot machines boosted the overall market

Industry trend:

- Strong pachislot market, with RS1-equipped smart pachislot machines at particularly high utilization rates
- RS1 users, Sammy and Universal Entertainment, captured the leading share of pachislot market
- Demand for RS1 increased due to the spread of ZEEG's industry-standard chassis and the increased willingness of halls to invest in smart pachislot equipment

RS1 superiorities:

- Industry's only integrated chip offering high-quality 3D/2D graphics
- Interactive real-time 3D in addition to 2D greatly improves game features
- Supports 4K display output to support development of powerful large-screen chassis
- Provides long-term investment value, including networking capabilities for future deregulation
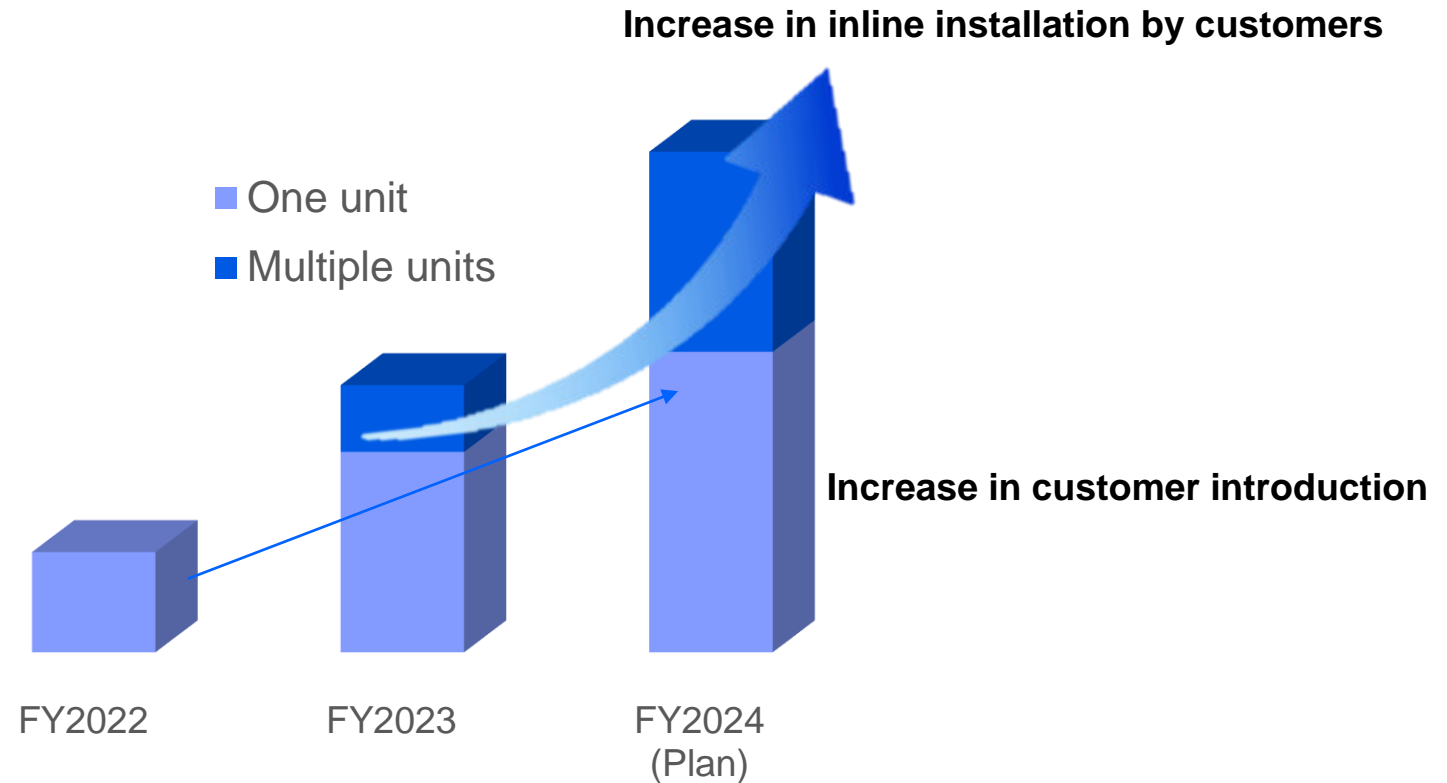
AMUSEMENT MACHINE UNIT SALES

Pachislot market has continued to expand since 2021

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
■Pachislot	1,281,000	1,347,000	1,157,000	1,112,000	826,000	757,000	406,000	557,000	402,000	627,000	721,000	790,000	800,000
■Pachinko	2,491,000	2,223,000	2,051,000	1,985,000	1,687,000	1,424,000	1,326,000	1,148,000	955,000	1,105,000	1,037,000	850,000	800,000

Source 2012-2022: PachinkoVillage   https://www.pachinkovillage.com/
　　　　 2023-2024: DMP's estimation and forecast

Robotics Field - Cambrian Sales

Sales increase YoY
2.7times

Increase in inline installation by customers

- One unit
- Multiple units

Increase in customer introduction

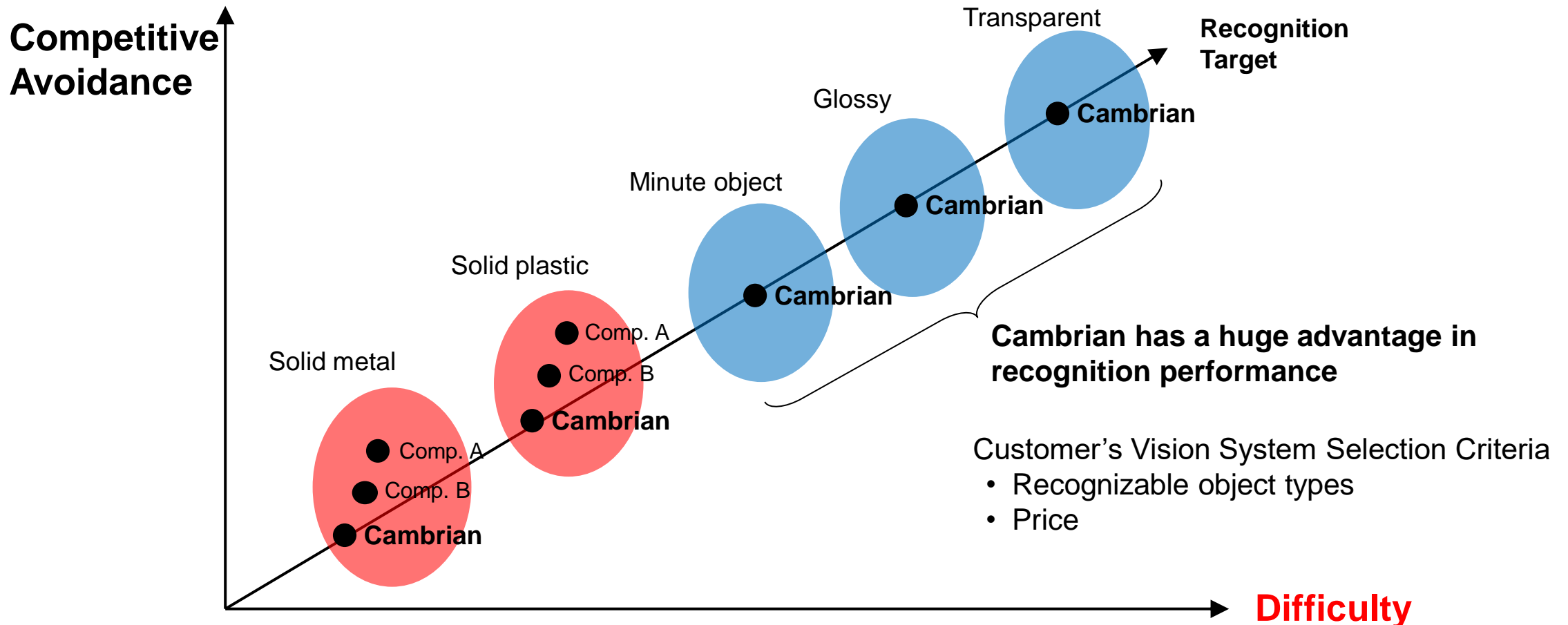FY2022　　　　FY2023　　　　FY2024
　　　　　　　　　　　　　　　(Plan)

Cambrian Vision System

- **Introduction of the system has been progressing in the major automotive, electrical, parts, pharmaceuticals, cosmetics, and food industries**
- **Dealer/SIer network expanded**

Robotics Field - Cambrian's Superiority

Established unmatched superiority over competitors in the highly difficult picking of transparent materials, etc.

Competitive Avoidance

Transparent

Recognition Target

Glossy

● **Cambrian**

Minute object

● **Cambrian**

Solid plastic

● **Cambrian**

● Comp. A

● Comp. B

● **Cambrian**

Solid metal

● Comp. A

● Comp. B

● **Cambrian**

Cambrian has a huge advantage in recognition performance

Customer's Vision System Selection Criteria
- Recognizable object types
- Price

Difficulty

KAO Dynamic Cell Production System

Next-generation flexible automated system for high-mix low-volume production

https://youtu.be/pYOgH94E6FY

Robotics Field - ZIA MOVE
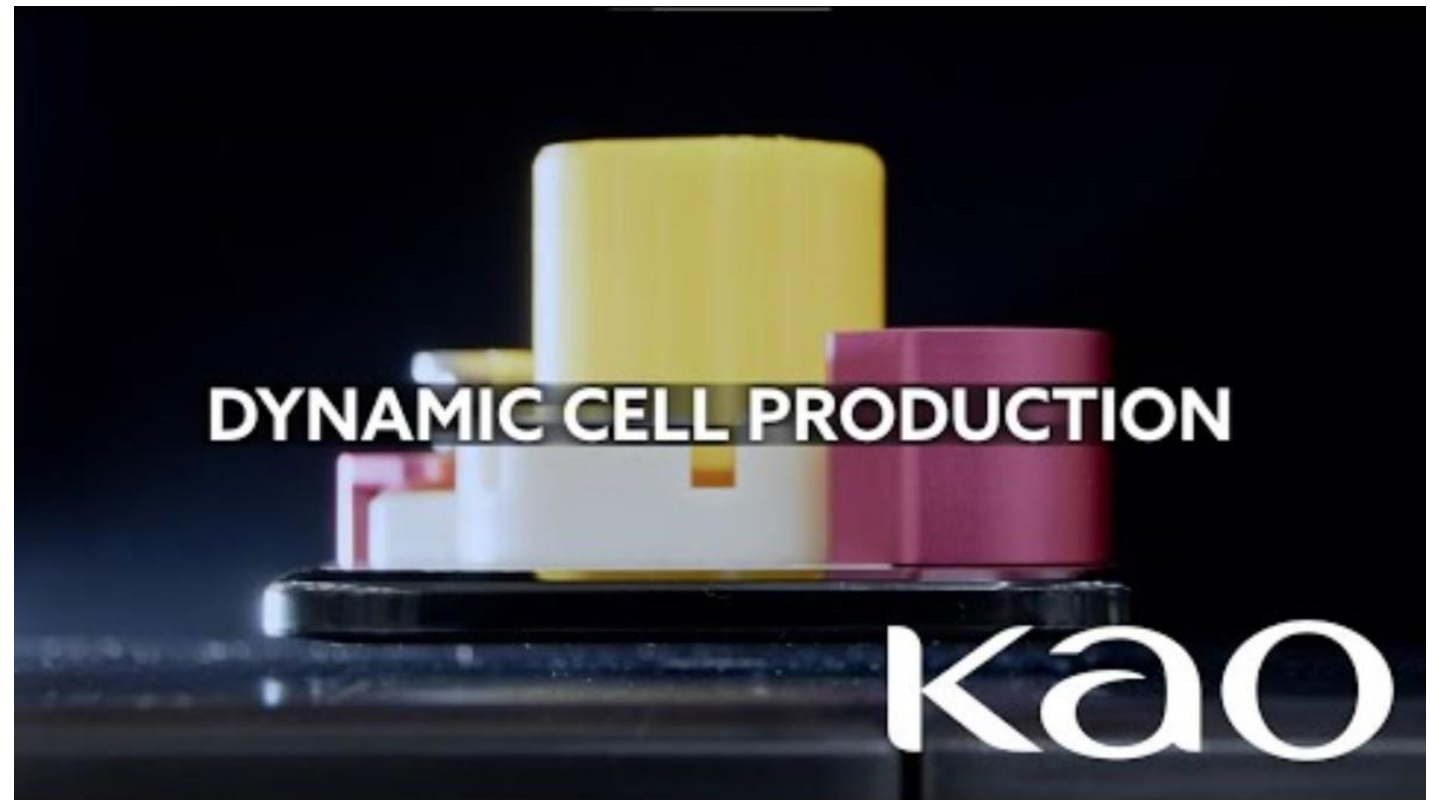
- **Five new licensees acquired (major automotive, manufacturing equipment, cleaning robot, AMR manufacturer, etc.)**
- **Expectations are high for cost reduction by replacing LiDAR with cameras**
- **Aiming to obtain licensing revenue from vehicle mass production**

Features of ZIA MOVE Integrated Robot Development Platform

- Camera-based (VSLAM) low-cost, high-precision autonomous robots
- Integrated development platform covering self-position estimation, path creation, and driving
- Supports mapping, obstacle avoidance, feature point distribution visualization, multi-robot control, etc.
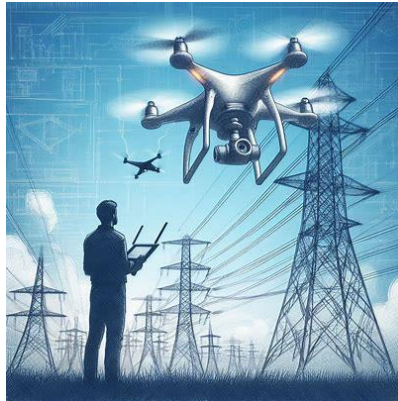
Robotics Field - Video Inspection Business

- **Video inspection business leveraging Visual SLAM, Autonomous driving control, and AI analysis**

- **Started business validations with major partners**

【Data Center Inspection】

Data center operating companies

【Steel Tower Inspection】

Telecommunications infrastructure management companies
Joint R&D with Tsukuba University

【In-building Inspections】

General contractors
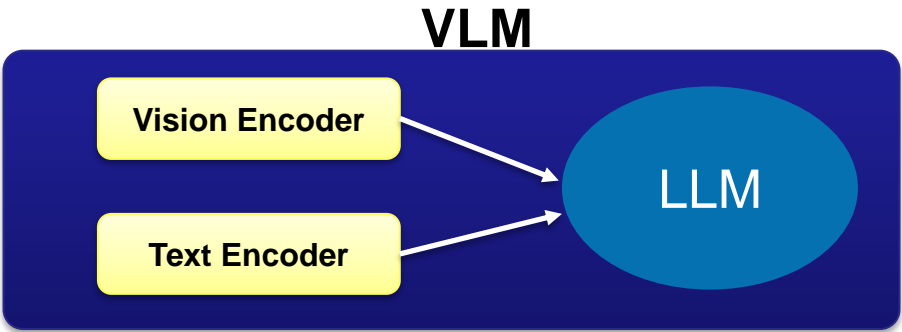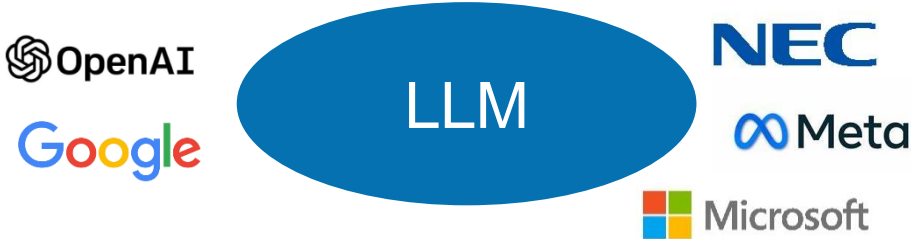
【Transport in Semiconductor Factory】

Semiconductor manufacturing system companies

Offer high-value added video analysis services in the form of recurring model by combining ZIA MOVE and ZIA SAFE

Generative AI Initiatives

Research on advanced safe driving assistance system based on generative AI technology

LLM

OpenAI · Google · NEC · Meta · Microsoft

VLM

Vision Encoder → LLM
Text Encoder → LLM

Input: Language & Image → Output: Language(Sentence) & Image

Prompt	Is the driver driving in a safely manner?
Answer	No, the driver is not driving in a safely manner. In the image, a woman is sitting in a car and looking at her cell phone while holding the steering wheel. This is a dangerous behavior as it distracts her from focusing on the road and her surroundings, increasing the risk of accidents. It is essential for drivers to maintain full attention on the road and avoid distractions like using a cell phone while driving.

Generative AI can be used to identify situations that are difficult to identify with existing DL technology (e.g., CNN)

Research of generative AI able to function even in the edge environment

Existing LLM/VLM

- Amount of memory: huge (tens of GB or more)
- Inference processing: heavy (requires high-performance GPU)
- Power consumption: High (hundreds of watts or more)
- Response time: Slow (several seconds to several tens of seconds)

Impractical to run existing technology as is in an edge environment

DMP's Initiative

Research LLM/VLM that can operate at high speed with low memory and power consumption
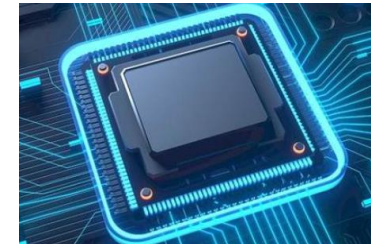
Accelerating our business with the Purpose of Making the Image Intelligent

- Promote ZIA MOVE and ZIA SAFE platform business

- Accelerate inline introduction of Cambrian Vision System within customers

- Create new business by integrating robotics and safety technology

- Develop new products for the FA inspection market

- Develop next-generation AI IP/semiconductor

- Apply generative AI to the safety field with light-weighting efforts

<Inquiries>

Digital Media Professionals Inc. Corporate Planning Department

Tel. +81-3-6454-0450

URL: https://www.dmprof.com/en/ir/

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- The purpose of this document is to provide information for the purpose of understanding our company and is not to solicit investment in securities issued by our company. Please refrain from making any investment decisions based entirely on this document.